

**Corporation of the
Municipality of Dysart et al.
Consolidated Financial Statements
For the year ended December 31, 2018**

Corporation of the Municipality of Dysart et al.

Consolidated Financial Statements

For the year ended December 31, 2018

Contents

Municipality of Dysart et al.

Independent Auditor's Report	3
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Debt	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9
Notes to Consolidated Financial Statements	13

Trust Funds

Independent Auditor's Report	32
Statement of Financial Position	33
Statement of Continuity	34
Notes to Financial Statements	35

Independent Auditor's Report

To the Members of Council of the
Corporation of the Municipality of Dysart et al.

Opinion

We have audited the consolidated financial statements of Corporation of the Municipality of Dysart et al. (the Entity) which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of operations, the consolidated statement of change in net debt, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement; whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
May 28, 2019

**Corporation of the Municipality of Dysart et al.
Consolidated Statement of Financial Position**

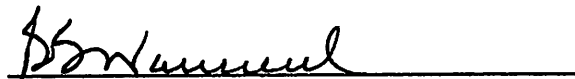
December 31	2018	2017
Financial assets		
Cash and cash equivalents (Note 4)	\$ 6,223,539	\$ 4,226,343
Accounts receivable (Note 5)	629,644	823,016
Taxes receivable	1,136,775	1,483,105
	<u>7,989,958</u>	<u>6,532,464</u>
Liabilities		
Accounts payable and accrued liabilities	2,047,183	1,610,564
Deferred revenue (Note 6)	843,730	838,656
Landfill closure and post-closure liability (Note 7)	2,919,766	1,609,992
Employee future benefits (Note 8)	366,045	380,874
Municipal debt (Note 9)	4,322,590	3,254,953
Capital lease obligations (Note 10)	598,166	552,286
	<u>11,097,480</u>	<u>8,247,325</u>
Net debt	<u>(3,107,522)</u>	<u>(1,714,861)</u>
Non-financial assets		
Tangible capital assets (Note 15)	34,529,847	32,931,950
Inventories of supplies	12,464	19,171
Prepaid expenses	38,247	48,736
	<u>34,580,558</u>	<u>32,999,857</u>
Accumulated surplus (Note 11)	<u>\$ 31,473,036</u>	<u>\$ 31,284,996</u>

Contingent Liabilities and Commitments (Note 12)

On behalf of Council



Mayor



Deputy Mayor/Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Corporation of the Municipality of Dysart et al. Consolidated Statement of Operations

For the year ended December 31	Budget 2018	Actual 2018	Actual 2017
	(Note 14)		
Revenues			
Taxation levied for own purposes (Note 2)	\$ 8,565,390	\$ 8,662,658	\$ 8,189,368
User charges, licences and fines	2,493,907	2,708,167	2,747,940
Grants			
Government of Canada	365,290	399,277	38,626
Province of Ontario	2,096,000	2,916,764	1,974,734
Other Municipalities	35,000	35,535	111,630
Other			
Investment income	31,000	144,393	87,407
Penalties and interest on taxes	245,900	236,217	245,653
Donations	42,800	65,204	210,685
Gain (loss) on disposition of tangible capital assets	-	(11,841)	505,432
Dysart Facilities Limited Partnership	-	-	104,597
Contribution from developers	-	-	111,180
Developer contributions earned	62,780	-	145,282
	13,938,067	15,156,374	14,472,534
Expenses			
General government	1,090,177	1,199,277	853,038
Protection to persons and property	3,132,500	3,096,982	3,065,183
Transportation services	2,971,711	4,149,878	4,220,544
Environmental services (Note 7)	2,408,743	4,137,420	2,866,760
Health services	103,912	168,701	171,251
Recreational and cultural services	1,399,848	1,707,732	1,541,796
Planning and development	558,271	508,344	473,617
	11,665,162	14,968,334	13,192,189
Annual surplus	2,272,905	188,040	1,280,345
Accumulated surplus, beginning of year	31,284,996	31,284,996	30,004,651
Accumulated surplus, end of year	\$ 33,557,901	\$ 31,473,036	\$ 31,284,996

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Corporation of the Municipality of Dysart et al. Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2018	Actual 2018	Actual 2017
	(Note 14)		
Annual surplus	\$ 2,272,905	\$ 188,040	\$ 1,280,345
Acquisition of tangible capital assets	(2,849,110)	(3,988,822)	(4,587,915)
Amortization of tangible capital assets	-	2,237,659	2,223,412
(Gain)/loss on disposition of tangible capital assets	-	11,841	(505,432)
Proceeds on disposal of tangible capital assets	-	141,425	786,107
	<u>(576,205)</u>	<u>(1,409,857)</u>	<u>(803,483)</u>
Acquisition of inventory of supplies	-	(12,464)	(19,171)
Use/consumption of inventory of supplies	-	19,171	22,194
Acquisition of prepaid expenses	-	(38,247)	(48,736)
Use/consumption of prepaid expenses	-	48,736	41,181
	<u>-</u>	<u>17,196</u>	<u>(4,532)</u>
Net change in net debt	(576,205)	(1,392,661)	(808,015)
Net debt, beginning of year	<u>(1,714,861)</u>	<u>(1,714,861)</u>	<u>(906,846)</u>
Net debt, end of year	<u>\$ (2,291,066)</u>	<u>\$ (3,107,522)</u>	<u>\$ (1,714,861)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Corporation of the Municipality of Dysart et al. Consolidated Statement of Cash Flows

For the year ended December 31	Actual 2018	Actual 2017
Cash flows from operating activities		
Annual surplus (Page 6)	\$ 188,040	\$ 1,280,345
Items not involving cash		
Amortization	2,237,659	2,223,412
Loss (gain) on disposition of tangible capital assets	11,841	(505,432)
Increase (decrease) in landfill liability	1,309,774	(49,538)
Decrease in employee future benefits	(14,829)	(31,692)
Contribution from developers	-	(111,180)
	<u>3,732,485</u>	<u>2,805,915</u>
Uses		
Increase in accounts receivable	-	(271,292)
Increase in taxes receivable	-	(11,094)
Increase in prepaid expenses	-	(7,555)
Sources		
Decrease in accounts receivable	193,372	-
Decrease in taxes receivable	346,330	-
Increase in accounts payable and accrued liabilities	436,619	24,247
Increase in deferred revenue	5,074	81,717
Decrease in inventories of supplies	6,707	3,023
Decrease in prepaid expenses	10,489	-
	<u>4,731,076</u>	<u>2,624,961</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(3,835,335)	(3,883,161)
Proceeds on disposal of tangible capital assets	141,425	786,107
	<u>(3,693,910)</u>	<u>(3,097,054)</u>
Cash flows from financing activities		
Municipal debt incurred	1,621,487	-
Debt principal repayments	(553,850)	(433,327)
Capital lease repayments	(107,607)	(41,288)
	<u>960,030</u>	<u>(474,615)</u>
Net change in cash and cash equivalents	<u>1,997,196</u>	<u>(946,708)</u>
Opening cash and cash equivalents	<u>4,226,343</u>	<u>5,173,051</u>
Closing cash and cash equivalents (Note 4)	<u>\$ 6,223,539</u>	<u>\$ 4,226,343</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Corporation of the Municipality of Dysart et al. Summary of Significant Accounting Policies

December 31, 2018

Nature of the Entity	The Corporation of the Municipality of Dysart et al. is a lower tier municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.
Management Responsibility	These consolidated financial statements are the responsibility of the municipality's management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.
Basis of Accounting	Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
Basis of Consolidation	<p>These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following local boards which are under the control of Council:</p> <p style="margin-left: 40px;">Harcourt Community Centre Board West Guilford Community Centre Board Haliburton Business Improvement Area Board Haliburton Highlands Museum Advisory Committee</p> <p>All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.</p> <p>Trust funds and their related operations administered by the municipality are not consolidated, but are disclosed separately in Note 1.</p> <p>The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the county and school boards are not reflected in the balances of these consolidated financial statements, but are disclosed separately in Note 2.</p>

Corporation of the Municipality of Dysart et al. Summary of Significant Accounting Policies

December 31, 2018

**Use of Estimates and
Measurement Uncertainty**

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates, assumptions and approximations. Included in these consolidated financial statements are estimates for post-employment benefits, landfill liabilities, tangible capital assets and taxation accruals.

Management uses estimates based on assumptions and calculations contained in actuarial reports, modified as necessary for the passage of time. Actual results can differ from the estimates due to uncertainty. The actuarial reports and calculations are reviewed and updated periodically at which time estimates can be adjusted.

Management uses estimates based on assumptions and calculations contained in consultant reports, modified as necessary for the passage of time to determine the landfill liability. Actual results can differ from the estimates due to uncertainty. The consultant reports and calculations are reviewed and updated periodically at which time estimates can be adjusted.

Management has made estimates related to tangible capital assets both in determining fair market value of contributed assets and in the amortization rates as set out in these policies.

Management has made estimates related to taxation revenue in determining the balance to accrue relating to supplementary billings and write offs which will be determined in future years.

**Cash and Cash
Equivalents**

Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any temporary borrowings for current purposes. Composition of the balance and restricted amounts are disclosed in Note 4.

Deferred Revenue

Under PSAB accounting principles, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the Consolidated Statement of Operations.

Corporation of the Municipality of Dysart et al. Summary of Significant Accounting Policies

December 31, 2018

Employee Benefit Plans

The municipality accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The municipality has adopted the following valuation methods and assumptions:

a) Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

b) Funding policy:

The non-pension post retirement and post employment benefits are funded on a pay-as-you-go basis. The municipality funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension retirement and post employment benefits.

c) Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ('EARSLS') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. The municipality's fiscal year-end is December 31 and the measurement date of the municipality's obligation is such.

The municipality is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the municipality insures all claims by its injured workers under the Act

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or use as follows:

Land improvements	15 years
Buildings	40 years
Equipment	10-20 years
Vehicles	10 years
Roads	8-40 years
Sewer	40-80 years
Bridges and culverts	15-40 years

Corporation of the Municipality of Dysart et al. Summary of Significant Accounting Policies

December 31, 2018

Non-financial assets	Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives.
Revenue Recognition	<p>Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows:</p> <ul style="list-style-type: none">a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Interest and penalties on taxes are recorded in the period the interest and penalties are leviedb) User charges, licenses, fines, and donations are recognized when collected.c) Subdivider contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.d) Casino revenues are recognized as allocated by the casino based on each month's activity.e) Except as noted in the government transfers policy below, conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.f) Investment income is reported as revenue in the fiscal year earned. Investment income earned on development charges, parking charges, federal and provincial gas tax reserve funds, and parkland obligatory reserve funds is added to the reserve fund balance and forms part of the respective deferred revenue balance.
Government Transfers	Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
Pension Agreement	The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements

December 31, 2018

1. Trust Funds

	<u>2018</u>	<u>2017</u>
Cemetery Perpetual Care Funds	<u>\$ 144,355</u>	<u>\$ 139,945</u>

2. Taxation Raised on Behalf of Others

The following amounts raised on behalf of others are not included in these financial statements.

	<u>2018</u>	<u>2017</u>
School Boards	<u>\$ 6,127,196</u>	<u>\$ 6,154,867</u>
County of Haliburton	<u>6,432,849</u>	<u>6,014,711</u>
	<u>\$ 12,560,045</u>	<u>\$ 12,169,578</u>

3. Restricted Assets

	<u>2018</u>	<u>2017</u>
Cash (Note 4)	<u>\$ 178,047</u>	<u>\$ 160,738</u>
Short-term investments (Note 4)	<u>193,857</u>	<u>189,829</u>
Due from (to) own municipality	<u>187,261</u>	<u>203,524</u>
	<u>\$ 559,165</u>	<u>\$ 554,091</u>
Consists of:		
Obligatory funds in deferred revenue (Note 6)	<u>\$ 559,165</u>	<u>\$ 554,091</u>

Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements

December 31, 2018

4. Cash and Cash Equivalents

	<u>2018</u>	<u>2017</u>
Unrestricted		
Unrestricted net cash	\$ 2,718,066	\$ 999,097
Unrestricted GIC	22,188	32,007
Designated		
Designated cash	2,093,359	1,847,769
Designated Money Market and Bond Funds (Market value - \$943,280)	1,018,022	996,903
Restricted		
Restricted cash	178,047	160,738
Restricted Money Market and Bond Funds (Market value - \$179,937)	193,857	189,829
	<u>\$ 6,223,539</u>	<u>\$ 4,226,343</u>

5. Accounts Receivable

	<u>2018</u>	<u>2017</u>
Unrestricted		
Canada	\$ 297,458	\$ 447,298
Ontario	52,216	24,985
Other	279,970	350,733
	<u>\$ 629,644</u>	<u>\$ 823,016</u>

Corporation of the Municipality of Dysart et al.

Notes to Consolidated Financial Statements

December 31, 2018

6. Deferred Revenue

	2018	2017
Obligatory Reserve Funds		
Building department	\$ 100,000	\$ 50,000
Federal and provincial gas tax	188,174	342,659
Parking revenues (Municipal Act)	47,262	46,494
Parkland (Planning Act)	223,729	114,938
	559,165	554,091
Other deferred revenue	284,565	284,565
	\$ 843,730	\$ 838,656

The net change during the year in the restricted deferred revenue balances is made up as follows:

	Building Department	Gas Tax	Parking	Parkland	Total
Opening obligatory funds	\$ 50,000	\$ 342,659	\$ 46,494	\$ 114,938	\$ 554,091
Restricted funds received	447,290	204,326	-	104,674	756,290
Interest earned	-	3,959	768	4,117	8,844
Revenue recognized	(397,290)	(362,770)	-	-	(760,060)
Closing obligatory funds	\$ 100,000	\$ 188,174	\$ 47,262	\$ 223,729	\$ 559,165

Gas tax revenue is provided by the Government of Canada. The use of the funds is established by the funding agreement signed between the Municipality and the Association of Municipalities of Ontario. Gas tax funds may be used towards designated projects as specified in the funding agreements.

Corporation of the Municipality of Dysart et al.

Notes to Consolidated Financial Statements

December 31, 2018

7. Landfill Site Closing and Post Closing Costs

The consolidated statement of financial position reflects a liability for anticipated future costs related to the closing and monitoring of the six existing landfill sites. The waste site closure and post closure cost liability has been estimated at December 31, 2018 to be \$2,919,766 (2017 - \$1,609,992). This liability represents the estimated total expenditures for closure and post closure care. The information used to determine the liability was updated as of March 11, 2014 by Jp2g Consultants Inc., a consulting firm hired by the Municipality who have experience with landfill capacity studies, landfill site development and operational plans and landfill monitoring and closure plans. For purposes of the above calculation, the landfills have estimated remaining life spans of 0 to 67 years and combined remaining capacity of 178,503 cubic meters. Once closed, the sites will be monitored for an estimated period of 25 years with the estimated costs of \$10,960 to \$19,180 per year. A discount rate has been used that is equal to the rate available to the Municipality on long-term borrowing. The estimated present value of total closure and post closure costs is \$5,632,777 and the estimated portion related to remaining available capacity is \$2,713,011. As at December 31, 2018, there are no specific assets designated for settling this liability.

8. Employee Future Amounts Payable

The municipality provides certain employee amounts which will require funding in future periods.

a. Pension Agreement

OMERS provides pension services to almost half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made to OMERS for 2018 were \$251,733 (2017 - \$226,681).

Corporation of the Municipality of Dysart et al.

Notes to Consolidated Financial Statements

December 31, 2018

8. Employee Future Amounts Payable (Cont'd)

b. Post Employment Benefits

Under the provisions of certain employee benefit plans, an employee who, has achieved the 85 factor as determined by Ontario Municipal Employee Retirement System (OMERS), is eligible for a retirement pension from OMERS, and is under the age of 65 will be provided with Extended Health (drug, semi-private hospital and dental plan) coverage. All coverage ceases at age 65. The plan requires no contribution from employees. Total benefit payments to retirees during the year were \$16,000 (2017 - \$29,000).

Actuarial valuations for accounting purposes will be performed triennially using the projected benefit method prorated on services. The last actuarial valuation was completed as at December 31, 2016. The accrued benefit obligation of \$366,045 shown for December 31, 2018 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net gain of \$167,692 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2018 includes the following components:

	2018	2017
Accrued benefit obligation	\$ 198,353	\$ 189,892
Unamortized actuarial gains	167,692	190,982
Amount to be recovered from future revenue	\$ 366,045	\$ 380,874

The actuarial valuation and extrapolation were based on a number of assumptions about future events, such as wage and salary increases, and employee turnover and mortality. The assumptions used reflect the municipality's best estimates. The main actuarial assumptions employed for the extrapolation are as follows:

Expected inflation rate	2.5%
Discount rate	3.25%
Medical cost increases - first year	8%
- decreasing over 10 years to	3.5%
Expected rate of dental cost increase	3.5%
Estimated average remaining service life of the employee group	10 years

The post-employment benefit expense is reported as a component of current expenditures on the consolidated statement of operations. Composition of the amount is as follows:

	2018	2017
Current year benefit cost	\$ 18,253	\$ 17,678
Amortization of actuarial (gains) losses	(23,290)	(26,525)
Interest on post-employment benefit liability	6,208	6,155
Total expense (recovery) related to post-employment benefits	\$ 1,171	\$ (2,692)

Corporation of the Municipality of Dysart et al.

Notes to Consolidated Financial Statements

December 31, 2018

8. Employee Future Amounts Payable (Cont'd)

The change in the post-employment obligation is composed of the following amounts:

	2018	2017
Obligation at the start of the year	\$ 189,892	\$ 195,059
Current year benefit cost	18,253	17,678
Benefit payments	(16,000)	(29,000)
Interest on obligation	6,208	6,155
	<u>\$ 198,353</u>	<u>\$ 189,892</u>

9. Municipal Debt

The municipality has entered into agreements with Dysart Facility Limited Partnership and its investors relating to sewage collection and processing plant capital assets. Details of the arrangement are detailed in Note 12. Interest rate charged is 6.136%

\$ 403,017	\$ 380,205
------------	------------

Term facilities to be used for capital infrastructure projects and building construction/expansion and/or land improvements, repayable in blended monthly payments of \$29,383 total with interest at 2.97%, due January 2023, refinanced below

-	1,662,655
---	-----------

Term facilities to be used for capital infrastructure projects and building construction/expansion and/or land improvements, repayable in blended monthly payments of \$14,560 total with interest at 2.36%, due July 2020

1,064,386	1,212,093
-----------	-----------

Term facility to be used for capital infrastructure projects and building construction/expansion and/or land improvements, repayable in blended monthly payments of \$29,416 total with interest at 2.68%, due January 2023

<u>2,855,187</u>	-
------------------	---

Net municipal debt

<u>\$ 4,322,590</u>	<u>\$ 3,254,953</u>
---------------------	---------------------

a. Future payments requiring taxation and user charge financing are summarized as follows:

Years	2019	2020	2021	2022	2023	Total
Principal	\$ 431,232	\$ 1,200,740	\$ 698,394	\$ 303,379	\$ 1,688,845	\$ 4,322,590
Interest	96,478	77,444	57,611	49,609	105,531	386,673
Total payment	<u>\$ 527,710</u>	<u>\$ 1,278,184</u>	<u>\$ 756,005</u>	<u>\$ 352,988</u>	<u>\$ 1,794,376</u>	<u>\$ 4,709,263</u>

Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements

December 31, 2018

9. Municipal Debt (Cont'd)

- b. The long-term liabilities issued in the municipality's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- c. Total gross payments for the year to service net municipal debt and capital lease obligations (Note 10) are as follows:

	<u>2018</u>	<u>2017</u>
Principal payments	\$ 530,782	\$ 474,615
Interest	138,150	93,260
Gross payments	<u>\$ 668,932</u>	<u>\$ 567,875</u>

Corporation of the Municipality of Dysart et al.

Notes to Consolidated Financial Statements

December 31, 2018

10. Capital Lease Obligations

	<u>2018</u>	<u>2017</u>
John Deere Financial lease for a motor grader, repayable in blended monthly payments of \$6,213 with interest charged at 4.5% due July 2023. It is expected that the municipality will purchase the asset for its residual value of \$1 at the end of the lease term.	\$ 308,273	\$ 367,506
John Deere Financial lease for an excavator, repayable in blended monthly payments of \$2,684 with interest charged at 4.5% due May 2021. It is expected that the municipality will purchase the asset for its residual value of \$99,400 at the end of the lease term.	160,388	184,780
Caterpillar Financial Services lease for an excavator, repayable in blended monthly payments of \$3,533 with interest charged at 5.2% due May 2022. It is expected that the municipality will purchase the asset for its residual value of \$1 at the end of the lease term.	129,505	-
	<u>\$ 598,166</u>	<u>\$ 552,286</u>

Minimum lease payments for the next five years are summarized as follows:

Years	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Principal	\$ 123,994	\$ 129,957	\$ 216,492	\$ 84,874	\$ 42,849	\$ 598,166
Interest	25,172	19,209	10,602	3,819	645	59,447
Total payment	<u>\$ 149,166</u>	<u>\$ 149,166</u>	<u>\$ 227,094</u>	<u>\$ 88,693</u>	<u>\$ 43,494</u>	<u>\$ 657,613</u>

Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements

December 31, 2018

11. Accumulated Surplus

	2018	2017
Municipal surplus (deficit)	\$ (78,072)	\$ (672,565)
Community Centres surplus	55,816	48,089
Haliburton Business Improvement Area Board surplus	25,926	53,462
	3,670	(571,014)
Landfill liability to be recovered in future (Note 7)	(2,919,766)	(1,609,992)
Employee benefits payable to be recovered in future (Note 8)	(366,045)	(380,874)
Municipal debt to be recovered in future (Note 9)	(4,322,590)	(3,254,953)
Capital lease obligations to be recovered in future (Note 10)	(598,166)	(552,286)
Invested in tangible capital assets (Note 15)	34,529,847	32,931,950
Reserve/reserve fund balances	5,146,086	4,722,165
	\$ 31,473,036	\$ 31,284,996

Corporation of the Municipality of Dysart et al. Notes to Consolidated Financial Statements

December 31, 2018

12. Contingent Liabilities and Commitments

a. Dysart Facility Limited Partnership

In order to arrange financing for major sewage treatment plant and collection systems upgrades and expansion in 1996, several agreements were executed with the Dysart Facility Limited Partnership (DFLP). The DFLP operates at arm's length and is not related to the Municipality. These agreements include:

- Sale of the plant and collection systems (excluding land) with an estimated useful life of over 30 years to Dysart Facility Limited Partnership (DFLP)
- Lease of the related lands to DFLP for 45 years at \$1 per year
- Agreement for DFLP to provide sewage processing for 25 years
- Amended option to repurchase the plant and collection systems from DFLP from January 1, 2019 to August 31, 2021 for \$480,000.

The Municipality has been in discussion with DFLP to purchase the sewage plant prior to the end of the repurchase option period at August 31, 2021. Council has committed to purchasing the DFLP in 2019 however a purchase price has yet to be agreed upon.

These agreements involve fixed cash inflows resulting from notes receivable secured by pledge of partnership units totaling \$29.5 million over 25 years, and fixed cash outflows under the sewage processing agreement secured by pledge of the notes receivable totaling \$32 million over 25 years. Consideration for the repurchase option of \$480,000 is included in the outstanding balance of long term debt related to this facility.

The sewage processing agreement also requires the Municipality to pay DFLP for the actual costs of managing, operating, and maintaining the plant and collection system each month in addition to the fixed charges discussed above. These management and operating costs for 2018 amounted to \$438,317 (2017 - \$486,180). The Municipality has committed to pay management and operating costs until April 2023 which will total \$1,905,000 over the course of the current agreement.

The Municipality remains responsible to fund any capital upgrades and major maintenance required to meet legislative and regulatory requirements for plant operation.

b. Ministry of Environment and Climate Change

The Municipality has been notified by the Ministry of Environment and Climate Change (Ministry) that a site owned and maintained by the Municipality has landfill leachate. The municipality has developed a remediation plan in conjunction with environmental consultants which has been submitted to the Ministry. At this time no plan has been finalized and approved by the Ministry and as such the cost to remediate the situation cannot be determined.

c. Credit Facility Agreement

The municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1.5 million via an operating line. Any balance borrowed will bear interest at prime per year. Council authorized the temporary borrowing limit for 2018 in By-Law 2018-02, and there was a balance owing as at December 31, 2018 of \$NIL (2017 - \$NIL).

Corporation of the Municipality of Dysart et al. Notes to Consolidated Financial Statements

December 31, 2018

12. Contingent Liabilities and Commitments (Cont'd)

d. Other Contingencies

In the normal course of its operations, the municipality is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the municipality's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

12. Contingent Liabilities and Commitments (Cont'd)

e. Spending Commitments

On February 20, 2018, Council authorized staff to purchase a 2019 International HV513 tandem axle truck for a cost of \$244,275 to be delivered January 2019.

On January 1, 2019, Council authorized the purchase of a 2020 International HV513 tandem axle truck complete with snow plow equipment for an upset limit of \$283,230 including non-recoverable HST to be delivered in January 2020. The truck is to be funded by the Development Reserve.

On February 26, 2019, Council authorized staff to finance a 2019 Freightliner 114SD single axle truck for a cost of \$258,737. The truck is to be financed through a loan beginning in March 2019 (Note 13).

Council awarded a contract to supply a new fire truck at a cost of \$441,592 plus applicable taxes to be supplied and budgeted for in 2019.

13. Subsequent Events

Subsequent to year-end, on February 22, 2019, the municipality obtained term facility financing for the purchase of a 2019 Freightliner 114SD single axle truck which totalled approximately \$258,000. The loan is being repaid through blended monthly payments of \$4,726 beginning March 28, 2019 with interest at 3.78% maturing February 2024.

Corporation of the Municipality of Dysart et al.

Notes to Consolidated Financial Statements

December 31, 2018

14. Budget Amounts

The 2018 Budget adopted by Council on March 26, 2018 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses and did not include amortization expense on tangible capital assets. As a result, the budget figures presented in the Consolidated Statements of Operations and Change in Net Debt represent the budget adopted by Council on March 26, 2018 with adjustments as follows:

	2018 budget adopted by Council	TCA expenditures from operating	2018 budget presented in statements
Revenue			
Taxation levied for own purposes	\$ 8,565,390	\$ -	\$ 8,565,390
User charges, licences and fines	2,493,907	-	2,493,907
Grants	2,496,290	-	2,496,290
Other	382,480	-	382,480
	<u>13,938,067</u>	-	<u>13,938,067</u>
Expenditures			
General government	1,090,177	-	1,090,177
Protection to persons and property	3,132,500	-	3,132,500
Transportation services	4,446,501	(1,474,790)	2,971,711
Environmental services	2,408,743	-	2,408,743
Health services	103,912	-	103,912
Recreation and cultural services	1,399,848	-	1,399,848
Planning and development	558,271	-	558,271
	<u>13,139,952</u>	<u>(1,474,790)</u>	<u>11,665,162</u>
Annual surplus	798,115	1,474,790	<u>\$ 2,272,905</u>
Capital expenditures	(1,374,320)	(1,474,790)	
Transfers from (to)			
reserve/reserve funds	67,504	-	
Debt proceeds	1,468,000	-	
Debt repayment	(275,468)	-	
	<u></u>	<u></u>	
Budgeted use of surplus to fund prior year debt	<u>\$ 683,831</u>	<u>\$ -</u>	

Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements

December 31, 2018

15. Tangible Capital Assets

	General Assets				Infrastructure Assets				Assets Under Construction	2018
	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads	Sewer	Bridges & Culverts		
Cost, beginning of year	\$ 4,608,154	\$ 2,643,692	\$ 13,649,146	\$ 5,778,107	\$ 4,702,555	\$ 29,229,301	\$ 7,640,484	\$ 4,819,786	\$ 1,980,777	\$ 75,052,002
Additions	71,663	516,092	564,442	199,262	314,058	1,431,668	-	790,022	101,615	3,988,822
Disposals	(11,500)	(47,297)	-	-	(289,904)	(292,018)	-	(281,841)	-	(922,560)
Transfers	-	161,513	1,672,453	97,781	-	-	-	-	(1,931,747)	-
Cost, end of year	\$ 4,668,317	\$ 3,274,000	\$ 15,886,041	\$ 6,075,150	\$ 4,726,709	\$ 30,368,951	\$ 7,640,484	\$ 5,327,967	\$ 150,645	\$ 78,118,264
Accumulated Amortization, beginning of year	\$ -	\$ 935,846	\$ 5,448,467	\$ 3,955,627	\$ 1,999,976	\$ 22,718,160	\$ 4,123,016	\$ 2,938,960	\$ -	\$ 42,120,052
Amortization	-	192,174	398,738	291,745	313,721	906,696	54,786	79,799	-	2,237,659
Disposals	-	(23,648)	-	-	(171,787)	(292,018)	-	(281,841)	-	(769,294)
Accumulated Amortization, end of year	\$ -	\$ 1,104,372	\$ 5,847,205	\$ 4,247,372	\$ 2,141,910	\$ 23,332,838	\$ 4,177,802	\$ 2,736,918	\$ -	\$ 43,588,417
Net book value, beginning of year	\$ 4,608,154	\$ 1,707,846	\$ 8,200,679	\$ 1,822,480	\$ 2,702,579	\$ 6,511,141	\$ 3,517,468	\$ 1,880,826	\$ 1,980,777	\$ 32,931,950
Net book value, end of year	\$ 4,668,317	\$ 2,169,628	\$ 10,038,836	\$ 1,827,778	\$ 2,584,799	\$ 7,036,113	\$ 3,462,682	\$ 2,591,049	\$ 150,645	\$ 34,529,847

Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements

December 31, 2018

15. Tangible Capital Assets (Cont'd)

	General Assets				Infrastructure Assets				Assets Under Construction	2017
	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads	Sewer	Bridges & Culverts		
Cost, beginning of year	\$ 4,443,891	\$ 2,527,384	\$ 13,491,261	\$ 5,747,392	\$ 4,294,213	\$ 28,827,441	\$ 7,640,484	\$ 4,702,468	\$ 132,547	\$ 71,807,081
Additions	176,475	64,018	157,885	68,210	978,993	1,054,475	-	187,339	1,900,520	4,587,915
Disposals	(12,212)	-	-	(37,495)	(570,651)	(652,615)	-	(70,021)	-	(1,342,994)
Transfers	-	52,290	-	-	-	-	-	-	(52,290)	-
Cost, end of year	\$ 4,608,154	\$ 2,643,692	\$ 13,649,146	\$ 5,778,107	\$ 4,702,555	\$ 29,229,301	\$ 7,640,484	\$ 4,819,786	\$ 1,980,777	\$ 75,052,002
Accumulated Amortization, beginning of year	\$ -	\$ 774,391	\$ 5,102,194	\$ 3,769,149	\$ 2,020,533	\$ 22,331,974	\$ 4,019,319	\$ 2,941,399	\$ -	\$ 40,958,959
Amortization	-	161,455	346,273	220,624	284,979	1,038,802	103,697	67,582	-	2,223,412
Disposals	-	-	-	(34,146)	(305,536)	(652,616)	-	(70,021)	-	(1,062,319)
Accumulated Amortization, end of year	\$ -	\$ 935,846	\$ 5,448,467	\$ 3,955,627	\$ 1,999,976	\$ 22,718,160	\$ 4,123,016	\$ 2,938,960	\$ -	\$ 42,120,052
Net book value, beginning of year	\$ 4,443,891	\$ 1,752,993	\$ 8,389,067	\$ 1,978,243	\$ 2,273,680	\$ 6,495,467	\$ 3,621,165	\$ 1,761,069	\$ 132,547	\$ 30,848,122
Net book value, end of year	\$ 4,608,154	\$ 1,707,846	\$ 8,200,679	\$ 1,822,480	\$ 2,702,579	\$ 6,511,141	\$ 3,517,468	\$ 1,880,826	\$ 1,980,777	\$ 32,931,950

**Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements**

December 31, 2018

15. Tangible Capital Assets (Cont'd)

Leased tangible capital assets included in equipment had a cost value of \$760,036 (2017 - \$604,021) and accumulated amortization of \$116,441 (2017 - \$40,437).

The Municipality holds various works of art and historical treasures pertaining to the heritage and history of the Municipality of Dysart et al. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

Corporation of the Municipality of Dysart et al. Notes to Consolidated Financial Statements

December 31, 2018

16. Segmented Information

The Corporation of the Municipality of Dysart et al. is a municipal government institution that provides a wide range of services to its citizens. Municipal services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is apportioned as a percentage of the segment's expenses versus total expenses, payments-in-lieu of taxes are allocated to general government and unconditional government transfers are allocated to protection.

The nature of the segments and the activities they encompass are as follows:

General Government

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

Protection to Persons and Property

Protection includes police, fire and protective inspection and control.

Transportation Services

Transportation services include construction and maintenance of the Municipality's roads and bridges, winter control and street lighting.

Environmental Services

The environmental services function is responsible for providing sewer, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of cemeteries and the Medical Health Centre.

Recreational and Cultural Services

The recreational and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development

The planning and development services function manages the industrial, commercial and residential development within the Municipality.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements

December 31, 2018

16. Segmented Information (Cont'd)

For the year ended December 31	General government	Protection to persons and property	Transportation Services	Environmental Services	Health Services	Recreational and cultural services	Planning and Development	2018 Total
Revenue								
Taxation	\$ 694,060	\$ 1,792,324	\$ 2,401,668	\$ 2,394,459	\$ 97,633	\$ 988,319	\$ 294,195	\$ 8,662,658
User charges, licences and fines	101,971	426,135	120,604	1,567,957	134,032	292,833	64,635	2,708,167
Government of Canada grants	-	-	362,770	-	-	36,507	-	399,277
Province of Ontario grants	-	1,802,036	774,578	158,703	26,000	155,447	-	2,916,764
Other municipality grants	-	35,535	-	-	-	-	-	35,535
Investment income	144,393	-	-	-	-	-	-	144,393
Penalties and interest on taxes	236,217	-	-	-	-	-	-	236,217
Donations and other	-	-	-	-	-	65,204	-	65,204
Gain/(loss) on disposition of tangible capital assets	(11,841)	-	-	-	-	-	-	(11,841)
	<u>1,164,800</u>	<u>4,056,030</u>	<u>3,659,620</u>	<u>4,121,119</u>	<u>257,665</u>	<u>1,538,310</u>	<u>358,830</u>	<u>15,156,374</u>
Expenses								
Salaries and benefits	629,372	612,823	1,224,033	251,843	608	638,843	332,610	3,690,132
Materials, supplies and services	288,999	217,526	1,197,893	341,864	38,324	567,026	139,577	2,791,209
Contracted services	172,050	2,218,555	269,754	3,174,711	34,972	94,372	14,759	5,979,173
Interest charges	30,861	-	54,289	6,374	4,561	20,668	21,398	138,151
Amortization expense	66,182	47,824	1,397,554	362,628	89,036	274,435	-	2,237,659
Rents and financial	3,174	254	-	-	-	-	-	3,428
Transfers to other entities	8,639	-	6,355	-	1,200	112,388	-	128,582
	<u>1,199,277</u>	<u>3,096,982</u>	<u>4,149,878</u>	<u>4,137,420</u>	<u>168,701</u>	<u>1,707,732</u>	<u>508,344</u>	<u>14,968,334</u>
Annual surplus (deficit)	\$ (34,477)	\$ 959,048	\$ (490,258)	\$ (16,301)	\$ 88,964	\$ (169,422)	\$ (149,514)	\$ 188,040

Corporation of the Municipality of Dysart et al.
Notes to Consolidated Financial Statements

December 31, 2018

16. Segmented Information (Cont'd)

For the year ended December 31	General government	Protection to persons and property	Transportation Services	Environmental Services	Health Services	Recreational and cultural services	Planning and Development	2017 Total
Revenue								
Taxation	\$ 529,544	\$ 1,902,786	\$ 2,620,004	\$ 1,779,610	\$ 106,308	\$ 957,107	\$ 294,009	\$ 8,189,368
User charges, licences and fines	124,980	358,614	128,104	1,695,001	115,499	249,947	75,795	2,747,940
Government of Canada grants	-	-	-	-	-	38,626	-	38,626
Province of Ontario grants	-	1,685,529	111,588	141,119	-	36,498	-	1,974,734
Other municipalities grants	-	48,935	62,695	-	-	-	-	111,630
Developer contributions	87,407	-	-	-	-	-	-	87,407
Investment income	245,653	-	-	-	-	-	-	245,653
Donations and other	-	-	-	-	-	210,685	-	210,685
Gain/(loss) on disposition of tangible capital assets	505,432	-	-	-	-	-	-	505,432
Dysart Facilities Limited Partnership	-	-	-	104,597	-	-	-	104,597
Contribution from developers	-	-	111,180	-	-	-	-	111,180
Developer contributions earned	-	-	100,000	-	-	45,282	-	145,282
	<u>1,493,016</u>	<u>3,995,864</u>	<u>3,133,571</u>	<u>3,720,327</u>	<u>221,807</u>	<u>1,538,145</u>	<u>369,804</u>	<u>14,472,534</u>
Expenses								
Salaries and benefits	552,636	572,995	1,141,235	256,354	3,274	574,117	314,392	3,415,003
Materials, supplies and services	237,204	244,510	1,205,715	374,111	40,487	538,768	118,629	2,759,424
Contracted services	39,115	2,198,459	361,486	1,859,953	33,592	110,221	13,658	4,616,484
Interest charges	-	-	20,324	19,060	5,741	21,197	26,938	93,260
Amortization expense	11,770	48,202	1,485,584	357,282	86,957	233,617	-	2,223,412
Rents and financial	2,141	1,017	-	-	-	-	-	3,158
Transfers to other entities	10,172	-	6,200	-	1,200	63,876	-	81,448
	<u>853,038</u>	<u>3,065,183</u>	<u>4,220,544</u>	<u>2,866,760</u>	<u>171,251</u>	<u>1,541,796</u>	<u>473,617</u>	<u>13,192,189</u>
Annual surplus (deficit)	<u>\$ 639,978</u>	<u>\$ 930,681</u>	<u>\$ (1,086,973)</u>	<u>\$ 853,567</u>	<u>\$ 50,556</u>	<u>\$ (3,651)</u>	<u>\$ (103,813)</u>	<u>\$ 1,280,345</u>

Corporation of the Municipality of Dysart et al.
Trust Funds
Financial Statements
For the year ended December 31, 2018

Contents

Independent Auditor's Report	31
Financial Statements	
Statement of Financial Position	33
Statement of Continuity	34
Notes to Financial Statements	35



Tel: 705 324 3579
Fax: 705 324 0774
www.bdo.ca

BDO Canada LLP
165 Kent Street West
PO Box 358
Lindsay ON K9V 4S3 Canada

Independent Auditor's Report

To the Members of Council of the
Corporation of the Municipality of Dysart et al.

Opinion

We have audited the accompanying financial statements of Corporation of the Municipality of Dysart et al. Trust Funds (the Entity), which comprise the statement of financial position as at December 31, 2018, and the statement of continuity for the year then ended and notes to financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.



Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
May 28, 2019

Corporation of the Municipality of Dysart et al.
Trust Funds
Statement of Financial Position

December 31	2018	2017
Financial Assets		
Cash	\$ 142,244	\$ 137,887
Due from Municipality	<u>2,111</u>	<u>2,058</u>
Accumulated Surplus	\$ 144,355	\$ 139,945

On behalf of the Board

_____ Chair

 _____ Treasurer

The accompanying notes are an integral part of these financial statements.

Corporation of the Municipality of Dysart et al.
Trust Funds
Statement of Continuity

For the year ended December 31	2018	2017
Accumulated surplus, beginning of year	\$ 139,945	\$ 136,535
Revenues		
Interest earned	2,299	1,302
Plot and monument sales	4,360	3,410
Annual Surplus	6,659	4,712
Transfer to cemetery board	(2,249)	(1,302)
Accumulated surplus, end of year	\$ 144,355	\$ 139,945

**Corporation of the Municipality of Dysart et al.
Trust Funds
Notes to Financial Statements**

December 31, 2018

1. Significant Accounting Policies

Nature and Purpose of the Entity	The Corporation of the Municipality of Dysart et al. Trust Fund is a fund responsible for holding the funds generated by perpetual care services and plot and monument sales made by municipality.
Management Responsibility	These financial statements are the responsibility of the entity's management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.
Basis of Accounting	Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
Revenue Recognition	Revenue from the sale of products and services is recorded when the product is delivered or the service is provided. Interest revenue is recorded when received.

2. Cemetery Perpetual Care

The figures reported for the cemetery perpetual care represent the trust fund activities for the Dysart Cemetery. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemetery.